

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

The Mortgage Store, Inc.,

Enforcement Case No. 05-3736

License No.: FL-0536,
Registration No.: SR-0011677,

Respondent.

CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES

Issued and Entered,
This 18th day of SEPTEMBER 2006,
By Richard D. Lavolette,
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Services ("OFIS") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, and the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, and the Secondary Mortgage Loan Act ("SMLA"), 1981 PA 125, as amended, MCL 493.51 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of MAPA have been met.
5. The Mortgage Store, Inc. ("Respondent") violated MCL 445.1652(4), MCL 1671(1)-

(3), MCL 445.1672(a) and (b), MCL 445.1673(1), MCL 493.52(1), MCL 493.67(1), MCL 493.72, and MCL 493.75.

NOW THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, IT IS ORDERED THAT:

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.

2. Respondent shall CEASE AND DESIST from violating MCL 445.1652(4), MCL 1671(1)-(3), MCL 445.1672(a) and (b), MCL 445.1673(1), MCL 493.52(1), MCL 493.67(1), MCL 493.72, and MCL 493.75.

3. Respondent shall pay to the OFIS, a civil fine in the amount of \$3,000.00. The civil fine shall be paid on or before 30 days from the date of entry of this Order.

4. Respondent shall not utilize independent contractors for mortgage loan origination unless they are: 1) licensed or registered under the MBLSLA; 2) exempted from the MBLSLA under Section 25; or 3) licensed as a class I licensee under the Consumer Financial Services Act..

5. Respondent shall review and comply with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS' position on employees and branch offices in Michigan. Respondent agrees that it will provide written notice to OFIS within 30 days of opening or closing a branch office that will be conducting activity subject to the MBLSLA. The notice shall include the street address, business telephone number, and name of the branch manager of the branch that is being opened or closed.


6. Respondent shall maintain a program to monitor and assure compliance with all state and federal laws and regulations pertaining to brokering, origination, closing, and servicing of mortgage loans. Respondent shall educate its officers and employees involving the brokering, origination, and closing of mortgage loans on all applicable state and federal laws and regulations, including, but not limited to, the MBLSLA, Secondary Mortgage Loan Act, Federal Real Estate Settlement Procedures Act, National Housing Act, Federal Truth in Lending Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Anti-Redlining Act, and applicable usury laws. The education shall be accomplished by requiring the officers and employees involved in the brokering, origination, closing, and servicing of mortgage loans to attend training seminars for the next 12 months at least four hours in duration every quarter. The training

seminars shall be conducted by persons not employed by Respondent and with recognized experience in the mortgage industry. The instructors for the training seminars shall be varied in order to give the officers and employees a broad view of the regulation and operation of the mortgage industry. The training seminars shall include the philosophy behind the laws and regulations as well as the requirements of the laws and regulations. The training seminars may be organized by either Respondent or a local or national organization such as the Michigan Mortgage Lenders Association, the Mortgage Bankers Association of America, the Michigan Mortgage Brokers Association, or the National Association of Mortgage Brokers. The training seminars may be presented in person or through electronic means, such as the internet, video tapes, DVDs, or CD-ROMS. Respondent shall keep a record of the attendance of the officers and employees at the training seminars.

The program shall include designation of a compliance officer who will conduct reviews, not less than quarterly, of a sample of files for closed loans and rejected loan applications and assure compliance with all relevant federal and state laws. Respondent shall maintain written reports of the results of its file reviews. The written reports shall be maintained as required by Section 21(2) of the MBLSLA. Within 30 days of the date of this order Respondent must inform OFIS of the individual designated as compliance officer and if there is any change in the compliance officer, such change shall be reported in writing to OFIS within 30 days of the change.

7. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order, may result in the commencement of additional proceedings.

IT IS SO ORDERED.



Richard D. Lavolette
Chief Deputy Commissioner